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SUBJECT: AMBASSADOR DISCUSSES AG, ENERGY AND CARGILL WITH
PRIME MINISTER

Classified By: AMBASSADOR ANNE E. DERSE PER REASONS 1.4 (B, D)

1. (C) SUMMARY. At a February 28 meeting with Prime Minister Rasizadeh, the Ambassador discussed the importance of developing the non-energy sector, especially the agricultural sector, and offered U.S. assistance to the GOAJ in implementing its new agricultural strategy. The Ambassador also raised the importance of the critical energy infrastructure protection program and pressed the GOAJ for answers to the U.S. experts' questions; the Prime Minister said he did not have any information on the document but would look into the issue. Turning to Cargill's long-standing commercial dispute with the GOAJ, Prime Minister Rasizadeh said he was unaware of the issue and would decide if he would meet with Cargill representatives after reviewing the facts of the case. The Embassy subsequently forwarded a letter from the Ambassador to Rasizadeh with all the details on the issue. END SUMMARY.

2. (C) In a February 28 meeting with Prime Minister Artur Rasizadeh, the Ambassador discussed the development of Azerbaijan's agricultural sector, the importance of critical energy infrastructure protection and Cargill's long-standing commercial dispute with the GOAJ. The Ambassador also raised the pending anti-money laundering and terrorist financing legislation at Parliament. Rasizadeh told the Ambassador that he would raise the pending anti-money laundering and terrorist financing legislation with the Speaker of Parliament at their next meeting. The Ambassador told Rasizadeh that she was waiting on a meeting request with Presidential Chief of Staff Mehdiyev to discuss the upcoming elections and democracy.

DEVELOPMENT OF THE AG SECTOR

3. (C) Ambassador Derse discussed with the Prime Minister U.S. assistance efforts to develop the non-energy sector, noting that she had written the Prime Minister in December about organizing an interministerial working group on agriculture. The Ambassador told Rasizadeh that the U.S. was providing assistance to the Government of Azerbaijan in a wide range of areas, including WTO, financial services and agriculture. The Ambassador offered to Prime Minister Rasizadeh U.S. assistance to help the GOAJ with its agricultural strategy coordination which he readily accepted. Rasizadeh thanked the Ambassador for U.S. assistance and reiterated that development of the non-energy sector was an important issue for him and the GOAJ and that the GOAJ was already implementing some of its action items from the government's strategy plan.

4. (C) Rasizadeh told the Ambassador that he had talked with

President Aliyev and government ministers about the risk of Azerbaijan having plenty of money but not enough food. He highlighted the dramatic increase in global food prices, especially for wheat, reiterating that development of the agricultural sector was a critical issue for the GOAJ. He said that President Heydar Aliyev was responsible for distributing land plots to farmers in the 1990s and that Azerbaijan was well-positioned for improving the sector. Rasizadeh admitted that the GOAJ needed to implement more reforms in the agricultural sector. Rasizadeh noted to the Ambassador that since the departure of Deputy Prime Minister Abbas Abbasov in 2006, there was no deputy minister in charge of agricultural issues and that many agricultural issues fell to him, adding that he knew more about agriculture than the Minister of Agriculture.

CRITICAL ENERGY INFRASTRUCTURE PROTECTION

¶5. (C) The Ambassador raised the importance of critical energy infrastructure protection programs, noting that the U.S. and Azerbaijan are strong partners in security issues. The Ambassador asked Rasizadeh about the answers for the questions drafted by U.S. experts in coordination with the Azerbaijani Ministry of Foreign Affairs. According to the MFA, the Cabinet of Minister is coordinating the GOAJ's answers to the questions. The Prime Minister pledged to look into the issue.

CARGILL

¶6. (C) The Ambassador raised the long-standing commercial dispute between Cargill and the GOAJ and urged Rasizadeh to meet with Cargill representatives in April. Rasizadeh told the Ambassador that he was unaware of the Cargill case and

requested more details. (Comment: Cargill has been seeking payment of a long-standing debt from an undelivered cargo of cotton from the late-1990s.) The Ambassador is sending the Prime Minister a letter including all the details from the case. Rasizadeh added that he does not meet with all companies operating in Azerbaijan but would make a final decision after reviewing the facts.

COMMENT

¶7. (C) Although Rasizadeh is not known for being a power player in GOAJ politics and his vague answers and lack of information on pending Cabinet of Minister business seemed to confirm him being outside much of the decision-making process, the Cabinet of Ministers is in charge of organizing the government bureaucracy and can facilitate or impede the official paper flow and coordination between ministries. As the PM noted, according to the constitution his office's role was to be an "implementing body" under the president's authority. He joked that it was "not like being PM in Russia." Rasizadeh, an old-school Soviet bureaucrat, spoke warmly of the former Soviet days when daily items like butter, oil and bread were plenty and cost less money. Unlike many of the new, younger, GOAJ officials, Rasizadeh was dressed in a conservative business suit without the fancy European tie, shirt or wristwatch. Rasizadeh is reportedly close to Chief of Staff Mehdiyev, and the local World Bank representative has told Embassy officers that Mehdiyev and Rasizadeh vacationed together at a Czech resort in the summer of 2007.

DERSE